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CANADA'S GREAT TRANSCONTINENTAL RAILWAY

The Real Cost to the People.

The Country will Own 1800 Miles of the Best
Transcontinental Railway in America.

SPEECH DELIVERED BY

HON. GEO. P. GRAHAM,

**Minister of Railways and Canals, in the House of
Commons, July 11, 1908.**

Hon. GEORGE P. GRAHAM (Minister of Railways). A few evenings ago the leader of the Opposition made a statement concerning the cost of the great transcontinental highway from Prince Rupert to Moncton which has received wide publicity, and which I am bound to say has been given a publicity that is not fair to the House, to the Government, to the leader of the Opposition nor to the country. Might I make a very brief personal allusion; I find that some of my friends of the press misstated my own position on the occasion when the leader of the Opposition delivered his speech, and intimated that for some dark reason either of ignorance or discourtesy I neglected to reply to my hon. friend. As a matter of fact, at the request of the member for North Toronto, made a short time previously—made across the floor of the House openly—I had agreed that I would not make my statement that evening, and while at that time I had no idea the leader of

the Opposition was going to make his statement, still I thought it better to take the risk of being placed in an embarrassing position than to break faith with the member for North Toronto. In order that time may be saved when we get into committee I shall give a few facts concerning the present position of the Transcontinental Railway including the Grand Trunk Pacific or western branch or eastern division from Winnipeg to Moncton owned and being constructed by the government. The following memorandum is prepared by Mr. Schreiber, chief engineer of the western division, and is dated May 31, 1908, so that it will contain the information up to a recent date:

The Western Division.

Total length of western division:

	Miles.
Prairie section.....	916
Mountain section.....	839
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Contractors for Grading, Etc.

	Miles.	Amount.
Treat & Johnston, Winnipeg to Portage la Prairie... ..	53	\$ 200,000
McDonald, McMillan & Company, Portage la Prairie for 275 miles.... ..	275	1,672,000
Treat & Johnston, Qu'Appelle valley (covered by above) ...		298,400
Canadian White Company, 275th mile to 2 miles west of South Saskatchewan river.... ..	144	770,000
Foley Brothers, Larson & Company, 2 miles west South Saskatchewan river and North Saskatchewan river ..	318	2,500,000
Canadian White Company, North Saskatchewan river to half a mile west thereof.... ..	1/2	29,000
Foley, Welch & Stewart, 6 miles east of Edmonton to Wolfe creek.... ..	125 1/2	1,200,000
Foley, Welch & Stewart, 100 miles east of Prince Ru- pert.... ..	100	3,200,000
Total miles grading under contract..... ..	1,016	\$9,869,400
Contractors for steel bridges.... ..		1,463,400
Total approximate cost.. ..		11,332,800

From Winnipeg to Battle river the grading and bridging is practically completed, being a distance of 675 miles. From Battle river to Edmonton about 54 miles of grading, etc., is completed.

The work of fencing, tracklaying, ballasting and telegraph line is being done by the Grand Trunk Pacific Railway by day labour; there are only 55 miles of fence built; the track is laid from a point about 30 miles west of Winnipeg for a distance of 520 miles; the line is practically ballasted for a distance of 160 miles and 271 miles of telegraph line is erected.

I want to call the attention of hon. gentlemen to the fact that this report rather confirms my statement often made that large companies do not always have their work done by contract; and members who insist on calling for tenders and giving contracts as a panacea for all the evils that may exist in a public or a private work in my opinion are wrong. This great company is doing a large portion of this work by day labour.

Mr. HAGGART. That is only ballasting and track laying.

Mr. GRAHAM. The work of fencing, laying track, ballasting and building telegraph lines. 38706

Mr. HAGGART. Those are always done by day labour.

The Government Line.

Mr. GRAHAM. If they are always done by day labour, it must be right; consequently it bears out exactly what I state. Now, the length if the Transcontinental line from Moncton to Winnipeg is 1,803.55 miles, or, if we include the Quebec bridge, 1,804.66 miles. The length if the Quebec bridge is merely added to the distance, as it is not a part of the Transcontinental Railway proper. The estimated cost of the 1,803.55 miles is \$63,427 a mile, or a total of \$114,393,765.

Mr. R. L. BORDEN. In the first return brought down the cost per mile is estimated at \$63,427, which I presume is correct. In the second return the cost is sometimes referred to as \$63,437, which I presume is a clerical error.

Mr. GRAHAM. My own opinion is that \$63,427 was the original figure. In my memorandum '2' is used in one place and '3' in another. The estimate of \$63,427 a mile does not include any allowance for interest; nor for shops at Moncton; nor for the branch line at the Quebec bridge to the terminals at Quebec, though

it does include the divisional yard at the northerly end of the bridge; nor for terminals at Winnipeg; nor for shops east of Winnipeg. For terminals at Moncton the sum of \$97,000 is included in the terminal yard. With regard to shop accommodation, it is presumed that an arrangement will be made for the joint use of the new shops of the Intercolonial Railway. If so, the Transcontinental share of the capital expenditure on them is estimated at \$750,000, or, at 4 per cent. interest, \$30,000 a year. The terminals at Quebec will include the cost of the line from the Quebec bridge to Champlain market, Quebec, say six miles, and of terminals at the market at an estimated cost of \$2,000,000. For the shops east of Winnipeg the estimate is \$1,500,000. With regard to terminals at Winnipeg by agreement of the 1st of March, 1907, confirmed by the Act, chapter 52 of that year, between the Canadian Northern, the Grand Trunk Pacific and the government, an agreement is made to which I shall refer in a moment. The whole of the lands of the Canadian Northern Railway on the Winnipeg side of the Red River, together with the buildings, fixtures,

improvements, tracks and facilities, will be jointly used by the Canadian Northern, the Grand Trunk Pacific and the Transcontinental Railways, with equal rights for passenger and local freight business. The chief engineer of the Transcontinental Railway states that the area of these terminal lands is: For the yard, 76.46 acres; for right of way of transfer railway, 2.72 acres; total, 79.18 acres.

As to the question of the probable date for the completion of the railway between Moncton and Winnipeg, the department is advised by the chief engineer of the Transcontinental railway that in his opinion, if contracts for the remaining portions of the line are awarded before the middle of September next, and the labour market remains anything like what it is at present, there should be no difficulty in fully completing the line by the 1st of December, 1911.

At the risk of being tedious I want to lay before the House a statement of the contracts which have been let on the eastern division between Winnipeg and Moncton. The number of miles under contract is 1,227.93, made up as follows:

Location.	Miles let.	Estimated cost per mile.
Moncton to Chipman.....	50.00	\$41,995
At Chipman.....	8.55	83,570
Chipman to Intercolonial railway crossing.....	39.05	32,573
Intercolonial railway crossing to mile 164.....	66.40	45,341
Mile 164 to Grand Falls.....	31.80	110,172
Grand Falls to New Brunswick boundary.....	60.88	51,130
New Brunswick boundary to 150 miles east of Quebec bridge.....	53.06	65,771
From Quebec bridge 150 miles eastward.....	148.89	
Quebec bridge link (not included in estimate).....	1.11	65,370
Quebec bridge, westerly.....	196.33	104,589
Near Harricana river to junction with Toronto and Northern Ontario.....	150.00	46,842
Junction Toronto and Northern Ontario railway for 100 miles west.....	100.00	59,425
From 19½ miles west of Mud river, easterly 75 miles..	75.00	46,454
Lake Superior junction to west bank Red river.....	246.86	85,002

The number of miles yet to be contracted for is 576.73, for which the following is the estimate:

	Miles let.	Estimated cost per mile.
Weymontachene to near Harricannaw river.....	221.68	258,658
From 100 miles west of Junc. Temiskaming and North Ontario Railway to west end of district 'D'.....	44.10	62,524
From west end of district 'D' westerly.....	162.50	37,900
From 19 1/2 miles west of Mud river to west end of district 'E'.....	20.41	55,943
From west end of district 'E' to Lake Superior junction.....	128.04	55,943
Total.....	576.73	

Average cost per mile, \$63,427; for 1,803.55 miles, total, \$114,398,765.

I might add to that the fact that on this eastern section there are 228 bridges, making something over 10 miles, which makes quite an addition to the cost of the railway over a railway that would not have this very expensive construction.

Mr. R. L. BORDEN. The cost of bridges is all included.

Mr. GRAHAM. The cost of bridges is included in the figures I have given, but I am pointing out the large number of bridges which helps to swell the cost. The total amount paid to the different contractors on the eastern division is as follows:

1906-7.....	\$ 2,160,954.11
1907-8.....	12,190,985.54
1908-9.....	2,591,750.73

Total.....\$18,943,690.38

In order that hon. gentlemen may understand something that I will have to say a little later on, I will have to trespass upon the good nature of the House while I read the digest of the Winnipeg terminals agreement. It is as follows:

Terminals Agreement.

Partial digest of principal government privileges and liabilities under the Winnipeg terminals agreement of March 1, 1907, confirmed by the Act of 1907, chapter 52, (schedule).
 Clause 48.—The agreement is valid for 999 years, dating from January 1, 1907.

Clause 3. — The government, the Grand Trunk Pacific and the Canadian Northern have the joint use and enjoyment of the 'joint terminals,' which are defined by section 1 as the

lands, premises and facilities, including the transfer and industrial tracks and sidings shown on a certain identified plan; also any additional lands, premises and facilities thereafter required as extensions, and including freight sheds, warehouses, engine house, water tanks, turntables, coach tracks, car tracks, telegraph lines and all other buildings, improvements and facilities, furniture, equipment, locomotives and plant supplied in that connection.

Clause 12.—The value of the lands, exclusive of buildings, fixtures, tracks, improvements and facilities, is fixed at \$2,625,000.

Clause 13.—On this sum the government and the Grand Trunk Pacific pay in equal shares, 1/2 of 4 per cent., until and whilst the Grand Trunk Pacific operates the eastern division as lessee; but if ceasing to so operate, then the Grand Trunk Pacific and the government each pay one-third of 4 per cent.

Clauses 5 and 13.—For the buildings, tracks, yards, structures and facilities shown on a certain identified plan, or on other plans, as may be agreed on, the Grand Trunk Pacific and the government pay in equal shares 1/2 of 4 1/2 per cent. of the cost, or, if the Grand Trunk Pacific cease to operate the eastern division, one-third each.

Clauses 8 and 13.—For additional buildings, improvements and facilities, the necessity for which is agreed upon by the parties—or decided on by arbitration under clause 38—the Grand Trunk Pacific and the government pay, in equal shares, 1/2 of 4 1/2 per cent. of the cost, or if the Grand Trunk Pacific cease to operate the eastern division, then each pays one-third.

Clauses 10 and 13.—For temporary additional tracks and facilities required to be provided, pending the

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completion of those contemplated in clause 5, the Grand Trunk Pacific and the government pay in equal shares $\frac{1}{2}$ of $4\frac{1}{2}$ per cent. on the east; or, if the Grand Trunk Pacific ceases to operate the eastern division, one-third each.

Note. Clause 49. For the first seven years of the lease of the eastern division to the Grand Trunk Pacific the compensation payable is to be borne wholly by the government, and, thereafter, for 43 years, the Grand Trunk Pacific pays, annually, to the government, by way of rental, the amount payable by it to the Canadian Northern.

Clauses 2 and 26. — The government, at its option, may become interested in a station hotel—and the expenditures and receipts in that connection are apportioned.

Clause 3.—The joint terminals will be managed by a board composed—while the Grand Trunk Pacific continues to operate the eastern division—of one representative of the Canadian Northern and one of the Grand Trunk Pacific; but if not so operating, then, if a board is deemed necessary, by representatives of the Canadian Northern, one of the Grand Trunk Pacific and one of the government. The powers and jurisdiction of the board are defined in clauses 15 and 16, and certain subsequent clauses. These powers are to be exercised 'without unfair preference or discrimination.' Each representative will be paid by his own company, but the expenses of the board and its employees will be paid as part of the operation of the terminals.

Clause 17.—The monthly expenses of maintenance, repairs and operation of the terminals will be borne by the Canadian Northern and Grand Trunk Pacific, so long as it is lessee of the eastern division, and by the Canadian Northern, the Grand Trunk Pacific and the government, otherwise, 'companies,' in proportion to the number of vehicles and engines on their passenger trains, respectively, (empties entering to take up or leaving after discharging passengers not to be counted) the minimum charge to the Grand Trunk Pacific and the government together, to be, for the first five years, not less than 25 per cent., and thereafter not less than 40 per cent. of such expenses; and, as to freight, in proportion to the number of tons of freight handled for them, respectively, by

the terminal staff. Insurance premiums will be borne by the companies in equal shares.

Clause 40.—The payments to be made by the government 'to the Canadian Northern or otherwise,' under this agreement are not to be included in the 'working expenditure' payable by or chargeable against the Grand Trunk Pacific, under clauses 14 and 26 of the agreement of the 29th of July, 1903, (confirmed as a schedule to the Act of 1903, chapter 71), for the leasing to the Grand Trunk Pacific of the eastern division between Moncton and Winnipeg, when it becomes such lessee. (This clause 20 provided that, for the first seven years of the lease, the company should operate the division, subject only to payment of 'working expenditure'.)

With regard to the compensation payable by the Grand Trunk Pacific and the government 'in equal shares,' to the Canadian Northern, for the joint terminals (viz. $\frac{1}{2}$ of 4 per cent. on \$2,625,000 and $\frac{1}{2}$ of $4\frac{1}{2}$ per cent. on buildings, tracks and facilities under clauses 5, 8, 10 and 13 (a) and (b)—clause 40 goes on to provide that, prior to the execution of the lease of the eastern division to the Grand Trunk Pacific this compensation shall be paid by the Transcontinental Railway Commissioners, and form part of the 'cost of construction' of the northern division, and for the first seven years of the lease such compensation shall be wholly borne by the government; the Grand Trunk Pacific, for the next 43 years, repaying annually to the government, by way of rental, the amount of the said compensation.

Clause 38.—Provision is made for settlement of disputes or differences by arbitration.

Clause 49.—The government interest in the terminals, is made an integral part of the eastern division.

I call attention to the clause particularly because it shows that there is to be a deduction made from the amount stated by the hon. leader of the opposition as being chargeable to the Transcontinental Railway Commission. The amount paid in interest by the Transcontinental Railway is afterwards returned by the Grand Trunk Pacific Railway Company.

Mr. R. L. BORDEN. When I computed that I made the capitalization out at \$1,220,000. The minister pointed out at the time that there might be some deduction from that. Is he prepared to state just what the sum payable by the government with respect to these terminals will amount to ?

Actual Misstatement.

Mr. GRAHAM. I am coming to that in a few moments as I have the figures. Now, I want to take up the figures of my hon. friend. I am free to admit that I did not get the impression from him that went to the country that the road from Moncton to Winnipeg would cost \$250,000,000, but, in some unaccountable way his friends of the press have made my hon. friend say that all over Canada. I just pick up a paper, which is an independent paper published in the city of Ottawa, and I find this gross exaggeration :

Moncton-Winnipeg portion estimated by the government at \$51,000,000, will cost the country \$250,000,000.

That is the Ottawa Journal's heading, and the same thing has appeared in several papers. In discussing these figures, I shall first point out the fallacy of the statement, so that the people may know that certain papers, in endeavoring to criticise the government, have actually manufactured something a great deal stronger than even the estimate of the leader of the opposition. These statements, in justice to everybody, ought to be refuted. It will take some time for the correction to catch up, but I will try to make it strong enough so that it will have force to catch up when once started.

The Facts of the Case.

Take the figures of my hon. friend to show what foundation there is for this heading :

Cost of construction from Moncton to Winnipeg, \$114,393,765.

With that I have no quarrel. Then he goes on to estimate that, allowing five years for period of construction, the interest on the money paid will amount to \$10,009,754.

With that I am not going to quarrel either. That makes a total of \$124,403,219. I may say, however, that in estimating the amount of subsidy to be paid on any railway, the government never allows interest during construction to be added to the cost. We take the construction of the road without the interest, not as a matter of law, but as a matter of policy. In the contract with the Grand Trunk Pacific, however, the interest on the cost of construction is to be added to the cost.

Then I come to the figure of \$26,124,676 for the interest during seven years on the line from Moncton to Winnipeg during which the Grand Trunk Pacific pay no rental, but in this connection I want to point out that the total amount of that interest will not be payable until 1918, and that if we are absolutely to compute it at present at its face value in ten years from now, we are giving the government and the country any advantage there might be in that computation. However, that is a small matter, and I shall not deduct anything at present on that account, although if we make the computation at the moment, we will find that the amount of \$26,124,676, which is to accumulate at simple interest in ten years from now, ought not to be chargeable at its full face value at present.

Mr. R. L. BORDEN. I would recognize at once the force of my hon. friend's observation if I had been adding interest annually upon the annual amount of rental which is to remain unpaid, but I have not done that. I have not included one dollar of interest which might be charged and be considered as compound interest. My hon. friend's observation

would be a perfectly proper one if I had been charging interest on these annual amounts, but I have not done so.

Mr. GRAHAM. I carefully considered that while my hon. friend was speaking; and, while it is not a large amount he will agree that if you take \$26,124,676 to-day and place it at interest, we would have quite a balance left after computing the last payment which falls due 10 years hence. Then my hon. friend added this item to his calculation :

Also interest at 3 per cent. for three years additional during which no rent is collectable unless earnings are sufficient, \$11,196,290.

I want to point out that if this be payable, it will not be payable until 1911. But I am going to strike out that item altogether. It must go out unless we are prepared to take the position that the Transcontinental after the seven years during which no rent is collectable will not be able to pay its way. If we take that position we ought to put in the 3 per cent. Possibly I may be an optimist, but I believe that optimists within reason are the best class of people for the country. Taking the history of the Dominion during the past few years, taking the rapid development of our western country and the rapid expansion on every hand, I believe that everything is in favor of my contention that at the end of seven years the Grand Trunk Pacific will be able to pay its way and we will not have to pay that 3 per cent. Discussing that point with an eminent railway man not many hours ago, he said : If at any time during that period or at the end of that period, the Grand Trunk Pacific should not want to go on with that arrangement, you will find no difficulty in getting one or two other railway companies ready to take over the contract. Therefore we must strike out the \$11,196,290 in all fairness.

My hon. friend put in the cost of the Quebec bridge. Well, the Quebec bridge forms no part and never did, so far as the estimate of cost is concerned, of the Transcontinental Railway. That bridge was a project before there was any question of the Transcontinental Railway. It was decided that that bridge would have to be built for the other railways; and when it is constructed it will be used, not only by the Transcontinental Railway, but by every other railway which wants to do business via Quebec. It will form not merely a link in the Transcontinental, but in every other railway running from east to west. While the Transcontinental will use it, it was being built as a different proposition altogether, and would have to be built even if we had never undertaken to construct the Transcontinental. You have therefore to deduct from the cost of the Transcontinental this amount of \$14,422,238 put in by my hon. friend as the cost of the Quebec bridge.

Now I come to another point in which I differ with my hon. friend. In his statement he gives this item :

Estimated cost of our share of terminal at Quebec, Winnipeg and Moncton and shops east of Winnipeg, \$5,470,000.

He therefore added that, under the terms of agreement which I have stated; but under that agreement a certain share of percentage is to be paid each by the government and the Grand Trunk Pacific for the terminals in the city of Winnipeg, and I need not add anything further to prove that my hon. friend should not have taken into his calculation any such amount as this.

Let me take the cost of the terminals at Moncton and call attention to this fact. The terminal tracks at Moncton have had an amount of \$97,000 placed on them, but that is included in the cost per mile and in

the largest sum of \$114,593,785, so that cannot be again counted.

Then we come to the next point and my hon. friend was not unfair in that respect, but I want to point out that, while not unfair on him as the country is concerned, his contention is impractical. The Intercolonial Railway is building at present large shops and terminals at Moncton which will cost a large amount of money. The Grand Trunk Pacific expects, as we expect, that the Transcontinental will use these terminals, so that while the amount chargeable direct to the Transcontinental of \$750,000 may be considered as capital, every hon. gentleman will see that whatever the Transcontinental pays for the use of these terminals will be paid to the Intercolonial Railway which is building them, and this money which is going from the Transcontinental or the government will come back to the Intercolonial Railway or practically to the government in another form. So that the country will not be out of pocket one dollar.

Mr. HAGGART. But the hon. gentlemen says that the share of the Transcontinental Railway only at Moncton will be \$750,000.

Mr. GRAHAM. Yes, and I have just said so. But that share, or the interest on it, will not be paid to any person else than the Intercolonial Railway, that is providing the terminals, and the Intercolonial being a government railway, we get back the money paid on that account.

Mr. R. L. BORDEN. But the terminals will be at Moncton just the same as if they were not part of the Transcontinental.

Mr. GRAHAM. The terminals and shops at Moncton are being built by the Intercolonial, in other words by the government, with the object of accommodating the Transcontinental at Moncton. Although we have been criticised for spending a large

always been the view that we will not have to spend that money with the Transcontinental. Now, we have to take out the amount my hon. friend would apportion to Moncton. I am putting in \$2,000,000 as an estimate for the terminals at Quebec. Now I come to Winnipeg. As I have pointed out, it is improper to put in one farthing for the Winnipeg terminals, as every dollar the government will spend for the Winnipeg terminals has been provided for under the section of an agreement I have read, and this will go into cost of construction, and all that will be chargeable will not be an amount capitalized, as my hon. friend's large figures tended to show, but it will merely be the interest on the interest that the government has paid. That will be during the first seven years.

Mr. R. L. BORDEN. During the first seven years the government will pay \$48,750 per annum?

Mr. GRAHAM. Yes.

Mr. R. L. BORDEN. Will they ever get that back?

Mr. GRAHAM. It all goes into cost of construction, and after seven years it will be repaid.

Mr. R. L. BORDEN. After the first seven years they will get interest on it; is that not the case?

Mr. GRAHAM. No. As I said before, all we ought to be chargeable with is interest on the interest, because the total amount we pay in as interest will go into cost of construction, and for seven years we will pay interest on interest, but after that our payments will cease.

Mr. R. L. BORDEN. I think there is a misunderstanding. The government is liable for the payment of \$48,750 per annum; the government will pay that during the first seven years. The Grand Trunk Pacific will not be liable in respect of that. My hon. friend says that the government

payments of \$48,750 each, they will receive it back at the end of seven years. He claims that they will receive it back in this way, that it will be then added to the cost of construction.

Mr. GRAHAM. That is correct.

Mr. R. L. BORDEN. And, therefore, after the expiration of the seven years, they will receive interest on that sum at the rental of 3 per cent. per annum. Is not that correct?

Mr. GRAHAM. No, I do not think it is.

Mr. R. L. BORDEN. Then what is it?

Mr. GRAHAM. Let me read to my hon. friend the digest from the government itself — the last few words:

And for the first seven years of the lease such compensation shall be wholly borne by the government; the Grand Trunk Pacific for the next forty-three years repaying annually to the government, by way of rental, the amount of the said compensation.

Mr. R. L. BORDEN. That is exactly what I said. What that means is this—if my hon. friend will pardon me because I want him to understand me — during the first seven years the government pays that annual sum of \$48,750. I understand my hon. friend to say that it then is to be added to the cost of construction. But the clause which he read just now does not bear that out; it may be in some other clause. Then for seven years the government continues to pay it; during the remaining forty-three years, in respect to those forty-three annual payments, they are to be reimbursed by the Grand Trunk Pacific. But they do not receive any reimbursement whatever in respect to the first seven payments made by the government, unless, as the hon. gentleman claims, interest thereon as part of the cost of construction. As to that I do not know.

Mr. GRAHAM. My hon. friend and I do not see either end of this.

have to leave it that way. Now, I contend again that it would be a very small amount, if anything, that the country will ever have to pay on the terminals at Winnipeg — consequently I have taken that amount out. Whether my hon. friend is right or wrong, it will not make much difference in my conclusion. But we take the \$2,000,000 off Quebec and we take \$1,500,000 for the cost of Winnipeg, and these will make \$3,500,000 instead of the \$5,470,000. There is another item my hon. friend puts in here, and it is that perhaps which led the newspapers astray, the interest to be paid by the government without recourse on the Moncton section. As we are not dealing with the Grand Trunk Pacific section at all, we must strike from my hon. friend's figures, or from the figures the newspapers published, another \$11,294,300.

Mr. R. L. BORDEN. Why does the hon. gentleman strike that out when he is dealing with liabilities?

Mr. GRAHAM. Because my hon. friend did not strike it out; the newspapers went away with the idea that from Moncton to Winnipeg the railway was going to cost us \$250,000,000. I am stripping the government section from Moncton to Winnipeg of excessive figures and straightening out the difficulties the papers have got into on account of my hon. friend's statement. I want to get the Moncton to Winnipeg portion righted first, as that is the portion being built by the government.

\$97,000,000 Astray.

I find these additions make \$38,892,828 or \$39,000,000 in round numbers. If I add to that amount the guarantee of the mountain section and the prairie section, \$58,480,000, I find my hon. friend's newspapers, for some reason, are out just the small sum of \$97,048,000 in their computa-

fair to spread that through the country, particularly when I was bound in honour not to make any reply to straighten out the figures. I think the press supporting the hon. gentleman owes him an apology. He did not make that statement, but they made it, and, so far as I have been able to find out, no person has attempted to correct that misleading and utterly and absolutely false statement. Now, I want to go a little further with this line from Moncton to Winnipeg. Take the interest for the first seven years. I want to make this statement now, that, unlike the bargains made with railways, for the money we spend we own the railway; for the money we spend we will own 1,800 miles of the best transcontinental railway on the continent of America, without one single exception. Large amounts have been given to railways, and we in this parliament give large amounts to railways. But the country must not be allowed to forget that while we spend a large amount of money on the one side, we have got our full value for the money in the railway on the other side of the account. I am prepared to say this to the country, that the Dominion of Canada, any time it desires, can get rid of that portion of the railway at what it will cost the country. The only burden that lies on this country for this railway from Moncton to Winnipeg is the amount that it will cost the country in the way of interest for the seven years, because after that the Grand Trunk Pacific pays the interest and Canada is under no burden whatever. Now, sir, dealing with it from that point of view, I want to call the attention of the House to a very different situation, and to one in which the country will be interested. The burden of the country, as I said, is the amount it will cost the country in interest on

being the interest for seven years of the lease, after which the Grand Trunk Pacific carries the burden itself and Canada has no burden to bear. The interest for the first seven years will be \$26,124,676. That includes interest during construction as well. The interest on the \$3,500,000 I have estimated for the shops east of Winnipeg and for the terminals at Quebec would be \$735,000 for the term, or a total of \$26,859,676 of interest that will accumulate during the first seven years of the lease to the Grand Trunk Pacific. I am prepared to make the statement that, making allowance for possible minor inaccuracies in the calculation, broadly speaking, all the burden that is placed on the Dominion of Canada for 1,800 miles of railway is \$26,859,676, or if we take the surplus as we had it last year it would wipe out all this interest in about a year and a half.

I wish to carry my hon. friend's conclusion a little further and do as he suggested, instead of leaving the \$26,859,676 suppose we borrow the amount at 3 per cent., which would be a business proposition. Then for this 1,800 miles of railway and the benefits to be derived from it Canada would only be burdened \$805,770 per year, or less than \$1,000,000. Is there anything appalling in those figures? I say the government of Canada, if it had to do the same thing again, would be derelict in their duty if they did not construct the railway at that cost.

I do not want to be unfair and at the suggestion of my hon. friend I am going to take in the Mountain division for a little inspection. So far as the government end is concerned, I have stated the burdens of the country. I propose to go into the Mountain section. I have faith in Canada and I am not going to suggest or admit (and I believe the circumstances will warrant me in my conclusion)

that this country will ever be called on to buy one cent on the guarantee of bonds on the Grand Trunk Pacific. The development of Canada today is such that the country is warranted in believing and does believe, as every hon. member in the House believes, that we will never be called upon to pay one cent of guarantee on the bonds of the Grand Trunk Pacific. If Canada is to be a failure, if our great western country has not before the great future we believe it has, if the industry of the people is not such as we tell the world it is, if our development is not along the lines we all hope it should be, if our great heritage is not of the abundant wealth we have believed, if the prospects which we hold out to our children about this great Canada of ours are not such as to give us confidence in it, let my hon. friend's figures be taken as correct. But if Canada is the country we believe it is, if the people are the people we think they are, if our development is only on the threshold, and if, in the years to come, we expect further development, further progress, there is not the faintest chance or danger that this country will ever be called on to pay one cent on the guarantee of bonds of the Grand Trunk Pacific.

I propose to take in the Mountain section and what we have to pay? Take the \$26,859,676 interest on the eastern section and the terminals I have mentioned, add \$11,304,300 interest without recourse that we have to pay during the first seven years of lease on the Mountain section and we have \$38,263,976 for the benefits we receive for a through line from the Pacific ocean to Moncton. If I followed out the same line of argument which the hon. gentleman would say I am justified in following, if instead of taking the \$38,263,976 out of revenue we borrowed it at 3 per cent., I find that for the great benefit we will receive this country will have to

pay the sum of \$1,144,919.28 per year.

Mr. LENNOX. It would be better to borrow again to pay the interest on that and after a while we would have to pay nothing at all.

Mr. GRAHAM. If the hon. member discusses this with railway men he will find they make their calculations just as I do.

Mr. LENNOX. The more they borrow the less they will owe?

Why the Cost Increased.

Mr. GRAHAM. My hon. friend shows that he has not paid much attention to this question.

I have endeavored to show what the burden of Canada will be for this railway. I now come to the increased cost of this railway. The increased cost is due chiefly to two reasons, first the greater cost of material and labour, and second the improvement of the standard of the road over what was intended by the first estimate. I shall read an extract from a memorandum upon this subject given me by the chief engineer of the Transcontinental Railway Commission. In this memorandum he says:

The apparent high cost per mile is accounted for from the fact that heretofore no railway of such a length has, in the first instance, been constructed through a similar country with the low grades and curvatures used by us, viz., 0.4 per 100 feet adverse to eastbound and 0.6 per 100 feet adverse to westbound traffic, excepting at two points, with sharpest curvature 6 degrees (955 feet radius) and permanent structures. I may also add that with very few exceptions all the structures provided for are permanent in character, culverts being of concrete and bridges of steel with concrete substructures.

What follows is very important, coming from the chief engineer:

Had we used grades of 1 per cent. in either direction, curves of 10 per cent. (573 radius) and a large number of timber structures, which has been a common practice heretofore in similar countries, the cost might have been reduced nearly a third, but

[The text in this section is extremely faint and illegible. It appears to be a multi-paragraph document, possibly a letter or a report, with several lines of text visible across the page.]

Mr. R. L. BORDEN. I am responsible for what I said in the House and not for newspaper headlines.

Mr. GRAHAM. My hon. friend was saying that I was unjust to the newspapers.

Mr. R. L. BORDEN. I still say so.

Mr. GRAHAM. It is only a question of opinion. The reporter who wrote that article did not write anything which would lead any person to put a headline of that kind over it, as the article is fairly accurate, and the heading altogether inaccurate. If my hon. friend will look at an authority which I might quote, but which I will not take the time of the House to read, he will find that one of the greatest difficulties with the railways on this continent and elsewhere is the fact that they were not properly constructed in the first instance, and that while some railways were pushed through and rails laid at a comparatively cheap price, inside of ten or twenty years these roads practically had to be rebuilt. Railroading in Canada has been so revolutionized during the last five or six years that the principal railways have abandoned in some instances mile after mile in order to get easier grades and better curves. One of the leading railways in the United States, and I refer my hon. friend to the Railway Gazette, has abandoned 109 miles and is rebuilding altogether. I need only call the attention of those hon. members who come from the province of Ontario to the fact that between Montreal and Toronto the Grand Trunk Railway Company has abandoned mile after mile and built a new railway on a new right-of-way in order to get rid of some curves and some heavy grades, and I understand that it is now contemplating getting rid of its track east of Scarborough Heights and getting into Toronto around by the lake to avoid the grade. Why? In order that the cost of transportation may be cheapened,

and that longer trains and heavier loads may be carried by each locomotive.

I am told that the Canadian Pacific itself during the past few years, has spent in the reconstruction and the betterment of its grades and curves an amount equal to its entire original capitalization. We find that the Grand Trunk Pacific is now being constructed so that these large amounts of expenditure a few years hence will not have to be made, and as the engineer says, while the initial cost of construction is apparently heavy, the magnificent road bed, the easy grades, the easy curves and the steel structures with concrete foundations will enable this road to start out with a standard of road that some of the leading railroads of America have not yet attained and can only attain after years of running by the expenditure of millions.

Millions Saved in Operation.

I wish to point out just what the superior standard of the road means. From Winnipeg to Quebec by this route is 223 miles shorter than by any other, but leaving that out of consideration, suppose we take a standard of five trains each way each day. With the easy grades of 4-10 of 1 per cent. against east bound traffic twelve trains can carry as much as on an ordinary road could be carried in 20 trains. The saving in this way in one year's operation has been estimated by a competent authority at \$2,986,802. This saving will more than counterbalance anything that could be said in reference to the extra cost of construction.

But it may be said that the saving will go to the Grand Trunk Pacific in the cost of operation. It will in a measure, but I want to ask the hon. gentleman what we are building a road for? Is it not to improve transportation? Why do we want to improve transportation? In order that the products of the people may be carried more

quickly and more cheaply from the place of origin to the place of consumption. That being the case, every day means money, every extra car and ton that a railway can carry with the same amount of expenditure means a bigger price on the goods that are hauled, for the people who produce them. Arguing it on that line the people of Canada in the decreased cost of operation on this line, to say nothing of anything else, will reap a benefit far outweighing all the expenditure that Canada can ever be called upon to make on behalf of this country.

Mr. R. L. BORDEN. Has the minister any calculation of the cost of operation of that road during autumn, winter and spring? It has been represented by some persons that it will be a very expensive road to operate on account of the severity of winter storms and the difficulty of getting in supplies, coal, for example.

Mr. GRAHAM. I have not gone into details of coal supply, etc., but have simply taken the difference in the cost of running a road of very superior standard and a road of ordinary standard.

Mr. SAM HUGHES. The minister said that the cost of running five trains per day would be about half that of running ten trains per day. That proportion would hardly hold.

Mr. GRAHAM. It would be approximately correct. So far as coal is concerned, the difficulties of procuring a supply would be the same whether the road were of ordinary standard or of superior standard except that perhaps on this road we could haul heavier loads of coal. The same applies to difficulties on account of weather and snowfall.

As to the cost exceeding the estimate, if hon. gentlemen consult the standard works on railways they will find that without exception the construction of every railway on this continent has exceeded the first es-

timate. That is also true of the English railways. If the hon. member goes to build a house he will find that it costs more than he estimated. If he had his plans made four years ago and had the house built last year he would find that it cost double.

Mr. R. L. BORDEN. But in those cases we do not have mountains of information.

.. Railway Worth the Money.

Mr. GRAHAM. I think I gave my hon. friends some small hills anyway. What Canada is interested in is not the estimated cost of the work or what somebody has said, but: Are the people of Canada going to benefit greatly from the building of the road? I have endeavored to show that they will, and I have faith in the country. We have one transcontinental line. Some people thought when it was being constructed that it cost too much money. It has cost a lot, but notwithstanding the fact that it has cost a great deal of money, we do not own any of the road. It is one of the best managed roads on this continent, I am glad to say, and the business of the country has made it a dividend-paying road; that is, when the business of the country was comparatively small. But Canada has reached a new era of development and its business will expand more and more in the years to come. I have faith that the increasing products of the Canadian people and the goods that will be purchased with these products, as well as the traffic flowing from Europe to the Orient, and from the Orient to Europe, and the traffic from the United States across the Dominion, will in a few years reach such dimensions that Canada will need to have another transcontinental line built by somebody.

Some people have said that I am too optimistic and take too large a view of this matter. Sir, no country was ever built up by pessimists.

the people who live in a country and have the destiny in their hands, as members of parliament have, have no faith in the country; they ought to get out of the country, at any rate out of parliament. I have faith in the Dominion of Canada. I have faith in its ultimate success. I have faith that it will not possibly be a nation by itself on this continent. I believe in the resources of the country. I believe that the Canadian Pacific Company will soon call on the Dominion of Canada to pay one cent of the guarantee of the bonds and one cent of the 3 per cent interest on the cost of the railway, but that on the contrary the traffic will be enough to pay the great transcontinental line that in a very few years we shall be compelled to see that another transcontinental line is built from the Atlantic to the Pacific.

I would have liked to have gone

farther and have said a few words about the railways, but I feel that I have exhausted already the long on the time of the House. But this I want to say in conclusion—Canada has value for the money that she is putting into the Transcontinental Railway, and she will add it to her own right from Winnipeg to Montreal, a stretch of more than 1,500 miles. If the interest of the people is what we are looking to, then every dollar we spend in order that the products of the people may reach their market in better condition and at less cost is money well spent and will be returned to the people many fold. I trust that in the discussion of this matter we may deal with it in a broad spirit and act as Canadians towards a great enterprise which we all believe to be in the interest of the entire people of the Dominion of Canada.

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